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STATE DOCUMENTS

STATE OF MONTANA
BOARD OF CHIROPRACTIC EXAMINERS
REPORT ON EXAMINATION
Fiscal Year Ended June 30, 1969



OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MONTANA

STATE CAPITOL • HELENA

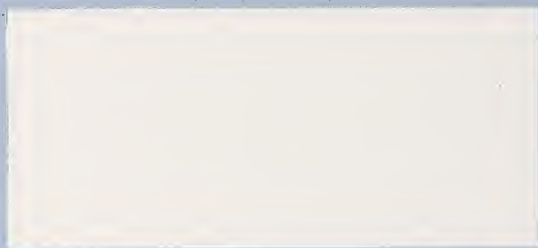


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STATE OF MONTANA

BOARD OF CHIROPRACTIC EXAMINERS

REPORT ON EXAMINATION

Fiscal Year Ended June 30, 1969

TABLE OF CONTENTS

Appointive Officials

Summary of Recommendations

Scope of Examination and Opinion

Comments:

General

Accounting System

Cash Procedures

Unrecorded Equipment

Conclusion

Financial Statements:

Exhibit

Balance Sheet, June 30, 1969

A

Statement of Changes in Fund Balance,
Fiscal Year Ended June 30, 1969

B

Statement of Revenue, Fiscal Year Ended June 30, 1969

C

Statement of Expenditures and Encumbrances Compared
with Appropriations, Fiscal Year Ended June 30, 1969

D

Statement of Changes in General Fixed Assets,
Fiscal Year Ended June 30, 1969

E

APPOINTIVE OFFICIALS

STATE BOARD OF CHIROPRACTIC EXAMINERS

Board Members

Dr. Harley R. Robinson, President	Billings	1970
Dr. Edward H. Peake, Vice President	Harlowton	1972
Dr. Lloyd A. Bowman, Secretary-Treasurer	Miles City	1971



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SUMMARY OF RECOMMENDATIONS

	<u>Page</u>
Establish and maintain currently a general ledger utilizing the double entry system and prepare yearend financial statements.	4
Record cash when it is received and deposit it intact on a timely basis.	5
Establish a control account in the general ledger for equipment and a subsidiary ledger in which each equipment item is recorded and record additions and deletions to equipment in the ledgers on a timely basis.	5



STATE OF MONTANA
Office of the Legislative Auditor
STATE CAPITOL
HELENA, MONTANA 59601

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the balance sheet of the Montana state board of chiropractic examiners as of June 30, 1969, and the related statements of operations, as set forth in table of contents in this report, for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements have been prepared on the cash basis of accounting and do not show financial position or operating results as do statements prepared on the modified accrual basis in accordance with generally accepted accounting principles applicable to governmental units.

The board does not maintain a general ledger nor does it utilize the double entry system of accounting. The board's financial statements are prepared directly from the state controller's reports of income, expenditures, and account balances and our analysis of the board's financial transactions.

The board has maintained no control account or subsidiary ledger for its equipment. Since no ledger exists to show the equipment values, amounts were determined by reviewing disbursement vouchers for equipment purchases for the past several years.

In our opinion, subject to the exceptions described in the *preceding* paragraphs, the accompanying financial statements present fairly the financial position of the Montana state board of chiropractic examiners as of June 30, 1969, and the results of its operations for the year then ended, in conformity with generally accepted governmental accounting principles applied on a basis consistent with that of the preceding year.

We submit the financial statements listed in the preceding table of contents together with the following comments.

COMMENTS

GENERAL

The state board of chiropractic examiners was created by Montana statutes of 1918, by governor's proclamation. This act, as subsequently amended and currently codified in Title 66, Chapter 5, R.C.M. 1947, provides for a three-member board to regulate the practice of chiropractic in Montana. Board members must be chiropractors and are appointed by the governor for three-year terms. Board members receive compensation of \$25 per day while attending board meetings.

Chiropractic is the art of restoring anatomic relation by a process of adjusting by the use of the hand. The main areas of responsibility of the board are the regulation of chiropractors, and the administration of examinations for the practice of chiropractic.

The board's records indicate that there are 152 chiropractors licensed by the state of Montana. Examinations are conducted once a year at the annual meeting.

The board of chiropractic examiners is self-supporting. License fees and examination fees are deposited into the board's account in the earmarked revenue fund from which expenditures are made based upon legislative appropriations. As shown by Exhibit D, a budget amendment of \$750 was approved for the board during the 1968-69 fiscal year. In addition, a \$394 budget amendment was approved for the board during 1967-68.

The board has no employees. The secretary-treasurer, a board member, maintains the board's records and handles other administrative matters between board meetings. The secretary-treasurer receives no compensation other than his per diem as a board member.

ACCOUNTING SYSTEM

The board does not maintain a general ledger, utilize the double entry system of accounting, or prepare yearend financial statements.

A general ledger should be maintained and posted on a monthly basis to properly show changes and balances of the board's assets and account balance and the accumulated revenues and expenditures for the year. The general ledger should be posted monthly from books of original entry (cash receipts register, claims register, etc.).

The double entry system should be utilized to keep the accounts in balance, show the dual effect upon each financial transaction, and provide the basis for preparation of accurate and complete financial statements and reconciliations.

Each state agency is required by law (section 59-701, R.C.M. 1947) to submit annual financial statements to the state controller. Financial statements are basic to show the results of each agency's operations and its financial position at yearend. The state controller is presently in the process of establishing the bases for the content, format, and instructions for preparation of the financial statements to be prepared by state agencies in the future.

RECOMMENDATION

We recommend that the board confer with the state controller and that a general ledger be established and posted on a monthly basis utilizing the double entry system and that yearend financial statements be prepared.

CASH PROCEDURES

The board has not maintained a cash receipts register. The extent of the accountability for cash receipts has been the record of certificates issued and examinations administered. In addition, it has been the practice of the board to hold cash received until all the records relating to an application or other accompanying document are in order before depositing the cash with the state treasurer. Generally accepted internal control standards provide that cash receipts should be recorded as soon as practicable and receipts should be deposited intact as promptly as possible and on a timely basis. We believe this to be particularly important in an agency as small as the board in which it is difficult to establish adequate internal controls.

RECOMMENDATION

We recommend that the board record cash in a chronological record when it is received and that it be deposited intact on a timely basis.

UNRECORDED EQUIPMENT

The board of chiropractic examiners does not maintain a control account or subsidiary ledger for its equipment. The information contained in the Statement of Changes in General Fixed Assets, Exhibit E, of this report, had to be developed by examining claims in payment of equipment purchases for the last several years. This information should be available from control and detail ledgers posted in the period in which equipment transactions occur.

RECOMMENDATION

We recommend that the board of chiropractic examiners establish control accounts in the general ledger for its equipment and a subsidiary ledger

in which each equipment item is recorded and record additions and deletions to equipment in the ledgers on a timely basis.

CONCLUSION

The state chiropractic board of examiners is a relatively small state agency. The board's secretary-treasurer is in charge of all record keeping and accordingly the establishment of adequate internal controls and maintenance of adequate accounting records is not an easy task. However, the establishment and maintenance of a general ledger utilizing the double entry system, timely recording and depositing of cash receipts, and preparation of comprehensive yearend financial statements should result in a basically sound system for the board.

We wish to express our appreciation to the board's secretary-treasurer with whom we worked for his excellent cooperation and assistance.

Respectfully submitted,

Morris L. Brusett

Morris L. Brusett
Legislative Auditor

October 22, 1969

BOARD OF CHIROPRACTIC EXAMINERS
ALL FUNDS
BALANCE SHEET
 June 30, 1969

	<u>Earmarked Revenue Fund</u>	<u>General Fixed Assets</u>
<u>Assets</u>		
Cash in State Treasury	\$ 2,105	\$ -
Cash on Hand	50	-
Equipment	<u>-</u>	<u>762</u>
Total Assets	<u>\$ 2,155</u>	<u>\$ 762</u>
 <u>Reserves and Fund Balance</u>		
Reserve for Investment in General Fixed Assets	\$ -	\$ 762
Reserve for Uncleared Collections	50	-
Fund Balance - Exhibit B	<u>2,105</u>	<u>-</u>
Total Reserves and Fund Balance	<u>\$ 2,155</u>	<u>\$ 762</u>

BOARD OF CHIROPRACTIC EXAMINERS
EARMARKED REVENUE FUND
STATEMENT OF CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 1969

Fund Balance, July 1, 1968	\$ 3,129
Additions:	
Revenue - Exhibit C	<u>2,331</u>
Total Balance and Additions	5,460
Deductions:	
Expenditures - Exhibit D	<u>3,355</u>
Fund Balance, June 30, 1969	<u><u>\$ 2,105</u></u>

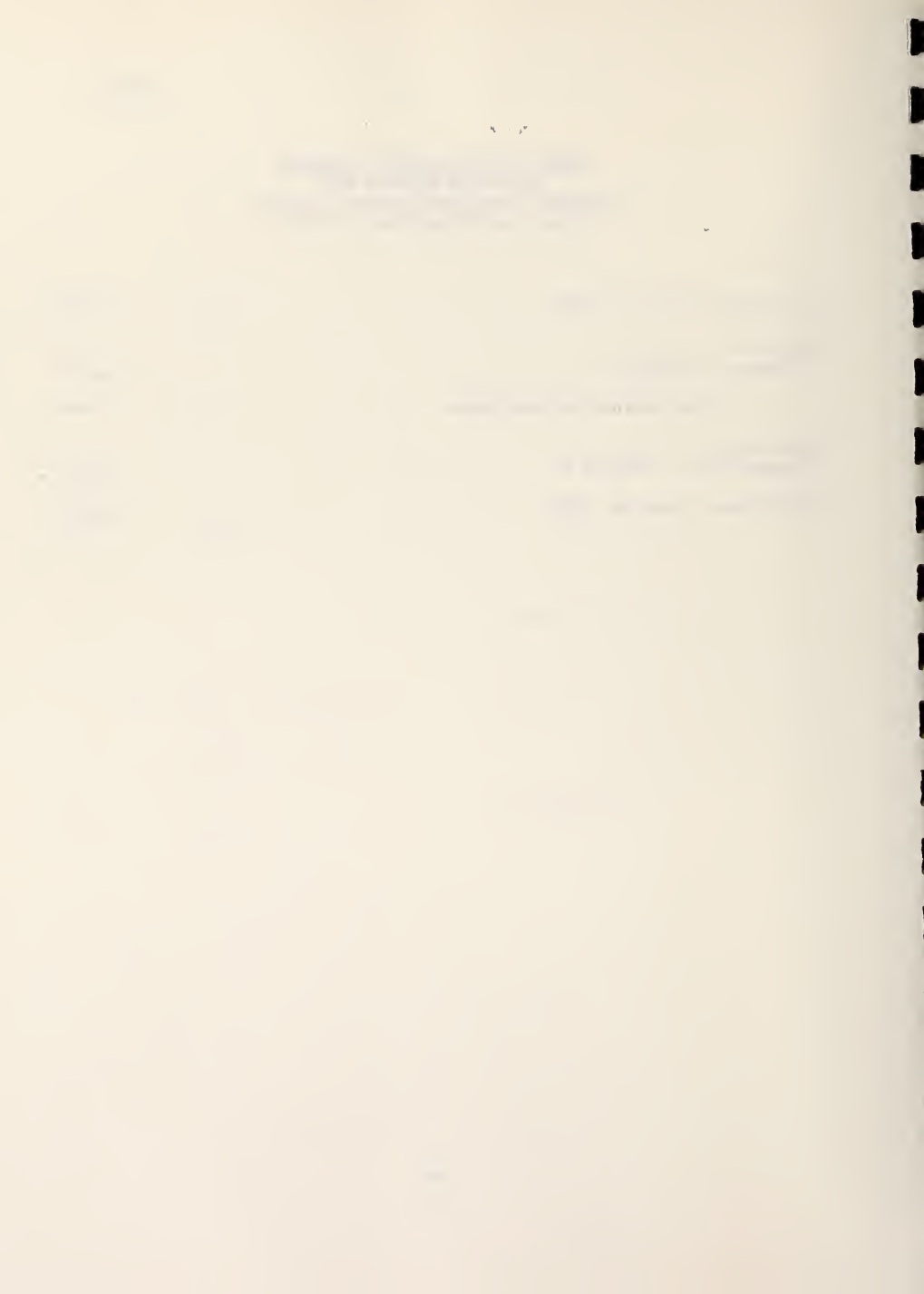


EXHIBIT C

BOARD OF CHIROPRACTIC EXAMINERS
EARMARKED REVENUE FUND
STATEMENT OF REVENUE
Fiscal Year Ended June 30, 1969

		<u>Total</u>
License Fees:		
Reinstatement		\$ 50
Renewals:		
1968-69	\$1,880	
1969-70	<u>225</u>	2,105
Reciprocity		<u>100</u>
Total License Fees		2,255
Examination Fees		75
Other		<u>1</u>
Total		<u>\$2,331</u>

BOARD OF CHIROPRACTIC EXAMINERS
EARMARKED REVENUE FUND
STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
Fiscal Year Ended June 30, 1969

Operation and Capital

Carryover Balance from 1967-68	\$ 12
1968-69 Appropriation	2,600
Budget Amendment	<u>750</u>
Total Available	3,362
Expenditures	3,355
Encumbrances	<u>-</u>
Balance Reverted	<u>\$ 7</u>

Analysis of Expenditures

Personal Services:		
Board Members Per Diem		\$1,400
Operation:		
Office Supplies	\$ 7	
Postage	150	
Telephone	251	
Travel	1,018	
Dues	50	
Rent	244	
Printing	<u>14</u>	
Total Operation		1,734
Capital:		
Equipment		<u>221</u>
Total		<u>\$3,355</u>

BOARD OF CHIROPRACTIC EXAMINERS
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Fiscal Year Ended June 30, 1969

Equipment - Balance, July 1, 1968	\$ 541
Additions:	
1968-69 Purchases	<u>221</u>
Equipment - Balance, June 30, 1969	<u><u>\$ 762</u></u>

